

Relief for Student Loan Borrowers in CARES

During the COVID-19 national emergency, federal student loan borrowers are automatically being placed in an administrative forbearance, which allows borrowers to temporarily stop making their monthly loan payment. This suspension of payments will last until Sept. 30, 2020, but they can still make payments if they choose.

Payments will automatically stop from March 13, 2020, through Sept. 30, 2020.

Interest is temporarily set at 0% on federal student loans. Which loans does this apply to?

From March 13, 2020, through Sept. 30, 2020, the interest rate is 0% on the following types of federal student loans owned by the Department of Education:

- Defaulted and non-defaulted Direct Loans
- Defaulted and non-defaulted FFEL Program loans
- Federal Perkins Loans

Private loans, some FFEL Program loans owned by commercial lenders, and some Perkins Loans are not eligible for this benefit at this time.

Who can tell me if my loans will have their interest rate temporarily reduced to 0%?

Contact your loan servicer to determine if your loans are eligible. Your servicer is the entity to which you make your monthly payment. If you do not know who your servicer is or how to contact them, visit [StudentAid.gov/login](https://studentaid.gov/login) or call us at 1-800-4-FED-AID (1-800-433-3243; TTY for the deaf or hearing-impaired 1-800-730-8913) for assistance.

If my loans are owned by the Department of Education, do I need to do anything for the interest on my loans to be set at 0%?

No, the Department of Education will automatically adjust your account so that interest doesn't accrue (i.e., accumulate). The account adjustment will be effective March 13, 2020.

If I make loan payments during the 0% interest period, how will they be applied?

During the period of 0% interest (March 13, 2020, through Sept. 30, 2020), the full amount of your payments will be applied to principal once all the interest that accrued prior to March 13 is paid.

How can I take advantage of this 0% interest period if I have Federal Family Education Loan (FFEL) Program and Federal Perkins loans not owned by the Department of Education?

While your lender or school can provide these benefits should it choose to do so, you can consolidate your FFEL Program or Federal Perkins loans not owned by ED into a Direct Consolidation Loan, which would be eligible for 0% interest.

However, if you consolidate, after the 0% interest rate period ends, the interest rate on your loan may be higher than what you are currently paying. In addition, when you consolidate, any outstanding interest will capitalize, meaning that any outstanding interest is added to your principal balance. Your servicer can provide you with information about how your loan balance, interest rate, and total amount to be paid would change if you consolidated into a Direct Consolidation Loan.

Questions about Refunds

What will happen to my regular auto-debit payments if I do nothing?

Auto-debit payments are suspended during the administrative forbearance. Any auto-debit payments processed between March 13, 2020, and Sept. 30, 2020, can be refunded to you. Contact your loan servicer to request that your payment be refunded.

If you don't want an administrative forbearance and want to continue making payments, contact your loan servicer to opt out of the administrative forbearance, and your auto-debit payments will resume.

You also have the option to remain in the administrative forbearance and make manual (i.e., not auto-debit) payments during the administrative forbearance period. Visit your loan servicer's website to make a payment, or contact your loan servicer for more information.

If I made a payment after the president signed the *CARES Act* on March 27, 2020, can I receive a refund?

Yes. Any payment you made during the administrative forbearance period (March 13, 2020, through Sept. 30, 2020) can be refunded. Contact your loan servicer to request that your payment be refunded.